disinvestment of the Hindustan Organics Chemicals Limited (HOCL); and

(b) if so, the details thereof?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir.

(b) Government has decided to disinvest 32.61% equity in Hindustan Organic Chemicals Ltd. (HOCL) through strategic sale. The Advisor to Government has been appointed and Expressions of Interest from prospective bidders have been invited.

Target of Disinvestment

986. SHRI SURESH PACHOURI : Will the Minister of DISINVESTMENT be pleased to state:

(a) the target set for disinvestment during 2002-2003;

(b) how far the target has been achieved; and

(c) the reasons for shortfall in achieving the target?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The target for the amount to be realised through disinvestment in PSUs during 2002-2003 is Rs. 12,000 crore.

(b) An amount of Rs. 3,342.06 crore has been realised till 26-2-2003 through disinvestment in PSUs.

(c) Implementation of the disinvestment programme depends on a variety of factors including market conditions, industry-wise business cycle fluctuations, interest of the prospective bidders, the adequacy of the price bid etc. Moreover, Government does not sell its equity holding in distress. In cases where the value of land and buildings is significant, often the delay occurs because the property rights are unclear and legally establishing these property rights takes time, though it is necessary to do so to maximise the realisable value. In view of this it is not always possible to meet the annual targets.

Re-evaluation of Disinvestment Procedure

987. SHRI N.K. PREMACHANDRAN: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government think that the disinvestment procedure deviated itself from the declared objectives;

(b) whether any case of under valuation of profit making PSU has been brought in to the notice of Government at the time of disinvestment process;

(c) whether it is a fact that disinvestment replaces PSU monopoly by private monopoly;

(d) if so, Government's reaction thereto;

(e) Government's opinion to use the disinvestment procedures in education, health, employment and small scale sectors; and

(f) whether Government consider to re-evaluate the procedures of disinvestment?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) No, Sir.

(b) Articles have appeared in newspapers alleging undervaluation of shares of some of the PSUs disinvested. Government does not agree with the views expressed in these articles. For valuation several assumptions are made to value assets, liabilities and future business prospects of the company being disinvested. It is used to arrive at a reserve price. The actual sale price is determined through a process of competitive bidding, which allows the market determined valuation, at the point in time, to be revealed, including the control premium, realisable from the bidders, for transfer of management control in the case of strategic sale. Subsequent changes in the market price of shares of disinvested PSUs reflect, among other things, future prospects of the company under the new management.

(c) and (d) There is no evidence so far that the disinvestment has resulted in abuse of market dominance. The abuse of private monopoly in an industrial sector can always be checked by the Government through appropriate regulation and by allowing competition from imports.

(e) The mandate of the Ministry of Disinvestment is for disinvestment in Public Sector Undertakings only.

(f) The procedure for disinvestment has evolved over a period of time

and is continuously reviewed, updated and refined on the basis of experience gained. It has also gone through the process of judicial review in the context of several cases relating to disinvestment and in all such cases, the procedure followed has been upheld.

Disinvestment of NALCO, SCI and other companies

988. SHRI RAJKUMAR DOOT: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that NALCO and Shipping Corporation of India Ltd. have been dropped from the list of companies to be divested;

(b) if so, the reasons therefore;

(c) the companies which are proposed to be taken up for disinvestments during 2003-04 and the reserved price fixed for them; and

(d) the target dates fixed for completion of the disinvestment process?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) No, Sir.

(b) Does not arise.

(c) The number of the companies in which disinvestment decisions have been taken and disinvestment process is on is given in the Statement (*See* below). The "Reserve Price" for disinvestment is fixed after valuation reports and price bids are received, but before opening the price bids. The reserve price to be fixed for disinvestment in these companies is not known at present and, therefore, cannot be indicated.

(d) No target date has been fixed for completion of the disinvestment process in the company.